Why Did Employers Break the Labor Market?

It Wasn't Malice. It Was Familiarity.

For years now, we've been stuck in the same tired conversation: "Why doesn't anyone want to work anymore?" But what if that framing is wrong? What if we flipped it?

What if the real question is: Why did employers break the labor market?

To answer this, we need to go back to the transition from newspaper classifieds to online hiring. Job seekers and employers experienced the classified era very differently. For employers, it was simple: place an ad, wait. For job seekers, it was dynamic. They scanned listings daily, compared wages, noticed typos, tracked trends, and adjusted their strategies based on what the listings revealed. Classifieds functioned as a shared information layer—both sides used them to make informed decisions.

But when hiring moved online, it was employers who built the platforms. And they built what they knew: a better version of their experience. Digital classified ads. Only this time, with filters, automation, and very little regard for how the other side of the market had relied on classifieds as an information ecosystem.

In other words, employers recreated the system as they'd known it—but not as job seekers had used it. What had been an economic necessity (mutual information flow) became a cultural artifact. **Information parity wasn't engineered into online hiring—it was assumed.** And it slowly disappeared.

The result? An increasingly asymmetric market.

Job seekers began losing access to critical feedback loops. No longer could they compare offerings across a page. Algorithms hid options. Ghost jobs proliferated due to lack of information parity built in. SaaS platforms incentives "forgetting" to take something down in order to "earn" one more months' subscription. Furthermore, lack of regulation on scraping or enforcement of information accuracy. Automated systems quietly rejected resumes without explanation. Third-party talent vendors inserted friction. Trainings on how to navigate these systems existed—but only for employers.

As Dr. Jesse Rothstein findings in The Lost Generation" (Journal of Human Resources), track the slow but steady decrease in outcomes in the labor market. To be clear, his assessment isn't arguing for this read of the data but the concept of a slow but steady breakdown in hiring outcomes that correlates with this shift.

Informational signals that once allowed job seekers to adjust and refine their search strategies have been chipped away for decades. Today's job market isn't failing because people are lazy. It's failing because people have been systematically disconnected from the tools that once made job seeking viable.

This shift also changed how job seekers accessed hiring networks. Before online systems, they might've relied on a friend of a friend, a cousin's neighbor, someone who could offer context or advice. When online hiring first emerged, those social ties could still help. But over time, even that started to fade. Hiring became increasingly remote, national, even global. Suddenly, even if you knew someone working at Procter & Gamble, they might've been hired through a different process in a different state under a different set of tools. Internal contacts stopped being helpful—not out of gatekeeping, but because they too had lost access to the process.

And as large employers rapidly upgraded to new Applicant Tracking Systems (ATS), only the people inside HR—those not applying for jobs—received training. The people trying to get in were increasingly left guessing. What had once been low-key crowdsourced knowledge—tips passed around social circles—was now inaccessible. The faster the technology evolved, the less anyone outside the hiring departments could keep up.

And here's a deeper layer: when hiring moved online, the economic incentives changed.

Newspapers monetized job seeker subscriptions. An unhappy or misinformed job seeker was a lost customer. Newspapers were incentivized to maintain accurate, actionable listings to keep job seekers engaged.

But online platforms monetize job seeker time. A misinformed job seeker becomes more profitable the longer they stay stuck. Whether overwhelmed and resume-spamming or opting out entirely, the result is the same: employers must purchase more subscriptions, and the talent industry thrives. It thrives not by solving employer problems, but by perpetuating them.

When both job seekers and platform employees become revenue drivers—but only one gets paid—there's no economic engine pushing the system to function better. Instead, there's one pushing it to stay broken or break further.

For job seekers, the lack of reliable information made the job market feel like a magic claw machine for resumes.

For employers, the cultural norm of the silent job seeker made the job market feel like a magic claw machine with a prepackaged scapegoat.

And here's the thing: it wasn't done out of cruelty.

It's more like high school. You didn't get invited to the party—not because someone hated you, but because they forgot that you mattered.

That's what happened when employers built online hiring tools. They built what worked for them, assuming the other side of the market would be fine.   They were like people "driving home from work" so often that they even forgot how they got there.

They never noticed what job seekers actually needed because the newspaper model of hiring never required them to. And in doing so, they helped usher in a labor market defined by misinformation, frustration, and inefficiency.

This isn't a story of villains. It's a story of missing systems.

And now we need new ones.

A job market without mutual visibility is like a library without a librarian. In a world overrun by clickbait, the most trustworthy person to tell you if a book is worth reading is someone who's already flipped through the pages.

That's what a reputation system does. It puts wisdom back into circulation. One off feedback is one thing, but crowdsourced feedbacks shows **trends.**

Platforms like Yelp, Uber, and Airbnb flourished by connecting user experience to vendor behavior. When the market listens to both sides, trust grows. When trust grows, transactions get faster, better, and cheaper. Platforms with an obligation to deliver value to their users – create value for **both** sides of a market. It's time for hiring to catch up.

Reputation isn't a punishment—it's a signal. It's not about blame. It's about fixing a system that never had to work this poorly.